

**MINUTES OF THE
TRANSPORTATION, ENVIRONMENTAL QUALITY & NATIONAL GUARD
APPROPRIATIONS SUBCOMMITTEE
Room 25, House Office Building, State Capitol Complex**

Monday, February 2, 2009

MEMBERS PRESENT: Sen. Kevin T. Van Tassell, Co-Chair
Rep. Wayne Harper, Co-Chair
Sen. Scott K. Jenkins
Sen. Mark B. Madsen
Sen. Luz Robles
Rep. Rebecca P. Edwards
Rep. Neal B. Hendrickson
Rep. Don L. Ipson
Rep. Patrick Painter
Rep. F. Jay Seegmiller
Rep. Kenneth Sumsion
Rep. Carl Wimmer

MEMBERS ABSENT: Sen. Peter C. Knudson
Rep. Neil Hansen

STAFF PRESENT: Mark C. Bleazard, Fiscal Analyst
Rosemary Young, Committee Secretary

Note: A list of visitors and copy of handouts are filed with committee minutes.

Rep. Harper called the meeting to order at 2:16 p.m.

MOTION: Rep. Hendrickson moved to approve the minutes of the January 21, 2009 meeting. The motion passed unanimously with Sen. Van Tassell, Rep. Painter, and Rep. Wimmer absent for the vote.

Mark Bleazard, Fiscal Analyst, reported on the ratios of cost to the state laboratory. It's estimated that the share of DEQ is 20 to 25%. The research into the question is ongoing. A breakdown of the actions of the Executive Appropriations Committee in HB3 which apply to this subcommittee was given to the committee. The total reduction in the FY09 budget ongoing is \$8,237,100 those will move over into the Base Budget of 2010. HB 3 also includes backfill in the amount of \$7,006,200 plus \$12,000 one time as follows:

	One-time	Back-fill
NG DFCM Armory Support	\$12,000	\$33,900
NG Reduce Armory Supplies and Repairs		80,800
NG Reduce Museum O & M		10,000
NG Energy Savings/Landscaping/Equipment		70,500
VA Veterans' Outreach Program		52,800
VA Veterans' Cemetery Part Time FTE		23,200
DOT State Construction		2,610,000
DOT Transportation Investment Fund		4,125,000

The net reduction for this subcommittee is \$1,230,900 for FY 09.

Rep Harper reported that the discussion is ongoing on the possible consolidation of departments.

Department of Transportation

John Njord, Director of the Department of Transportation, and Carlos Braceras, Deputy Director, gave as background to the Department placing projects on hold that the Department, working with the Governor's office on balancing the budget, was told that \$250,000,000 would be taken from the UDOT budget and \$50,000,000 would come back through an increase in registration fees. As a result the Department slowed down on 50 projects all of which were multiple year projects. Since the Governor's State of the State speech and the direction the Legislative budget is trending, they have begun to move forward on projects that were ready to go. Throughout the slow down 200 projects were still under construction with a contract value of approximately 1.7 billion dollars. A handout showed that DOT payments to contractors during the last months of 2008 were 100 to 120 million dollars per month. The Governor's proposed reduction in funding of 1 billion dollars over five years would require statutory change. The slow down will result in a delay of 1 1/2 to 2 months on held projects.

The Department indicated that bonding will be necessary for them to move forward with I-15 in Utah County. Through a multicolor handout the committee was informed of projects that are under construction and those that had been on hold but are now moving forward. Also shown were projected budget shortfalls or excesses through FY 12. The Department made clear that they will adjust their work to whatever the final budget is. It is up to the Transportation Commission to decide which projects to move forward as budget allows. The anticipated stimulus package will be broken down into three programs: Backfill of \$50,000,000 for General Fund projects, \$80,000,000 for pavement preservation/rehabilitation projects, and \$24,000,000 for bridge preservation/rehabilitation projects. The goal is to use the money on projects that can be moved forward very soon. The total is about \$221,000,000 in stimulus money. DOT is proceeding with the bonding process for \$342,500,000.

The Analyst informed the committee that the estimate for FY 10 is a decrease in revenues to the General Fund of 9.1% which amounts to a \$350,000,000 decrease. TC 23 represented a trend of an 11% decrease or another \$100,000,000 decrease in General Fund. The trend shows that there will be a decrease of 6.8% to the Transportation Fund or \$28 - \$30 million less than anticipated for FY 10.

Potential funding enhancements were discussed such as raising motor fuels taxes, taxing miles driven in the state, increasing vehicle registration fees, increasing sales tax, and indexing motor fuel and special fuel to inflation. For example: A \$.01 increase per gallon on motor fuels would result in revenue for FY 09 of \$9,879,543. That would be a 4.08 % increase in tax. A \$10 per vehicle registration fee increase would result in revenue for FY 09 of \$23,807,202. Of these totals \$.30 on the \$1.00 goes to local governments through the B & C Roads program. It was posited that Utah's gasoline tax is about in the middle as compared to nearby states.

Carlos Braceras, through a handout, informed the committee of the progress of Mountain View Corridor. The first phase has been designated as from 90th South to Redwood Road south of Bluffdale. The cost is estimated at \$720,000,000 which includes right of way, grading, 2 lanes in each direction but not interchanges. Instead there would be signalized intersections where interchanges will eventually be. Current funding is \$160,000,000 bond in the Critical Highway Needs Fund and \$70,000,000 bond against three revenue streams. An additional \$510,000,000 is needed assuming 2010 construction costs.

Another handout explained the Southern Parkway. Segments 1 and 2 are funded and under construction and should be complete to the new St. George Airport when the airport opens. The amount remaining unfunded on this project is \$350,000,000.

The Analyst introduced the Construction Budget of DOT as the biggest expenditure of the twelve line items in the DOT budget. There are five programs: Rehabilitation/Preservation, Federal Construction, State Construction/Highway Capacity, Transportation Investment Fund, Centennial Highway Fund and Critical Needs Fund.

Director Njord explained to the committee that DOT employees draw up and issue contracts on construction projects and conduct quality assurance and control, but most of the people actually on a construction site are contract employees. Two ways of contracting were discussed: design-bid-build in which UDOT designs and bids then hires contractors to build. Since 1996 UDOT contracts from the beginning with a design - build contract which is more efficient and allows the department to extend its resources and ability to deliver projects. The construction of I-15 in Salt Lake County was the first design - build project and is considered the premier model in the nation. Money appropriated to the department primarily passes through to contractors. The Director through a handout briefly discussed funding sources through state and federal gas taxes, federal stimulus money, and state funds. There are 6,000 state roads, all of which are

considered important and maintained well. Under current economic conditions it will be necessary to prioritize, and secondary roads may be maintained reactively rather than proactively.

A report on Centennial Highway Fund projects shows that most of the projects have been completed. The rest are under construction or perhaps still have right-of-way issues. The revenue stream which funds the CHF will go to fund the TIF.

There was discussion about the North Temple viaduct which is no longer a state road.

MOTION: Rep. Hendrickson moved to adjourn. The motion passed unanimously with Sen. Madsen and Sen. Robles absent for the vote.

Rep. Harper adjourned the meeting at 3:55 p.m.

Rep. Wayne Harper, Co-Chair

Sen. Kevin T. Van Tassell, Co-Chair